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# February 2, 2023

# Bipartisan Infrastructure Law - Section 40101(d) Preventing Outages and Enhancing the Resilience of the Electric Grid

Notice of Request for Written Comments and Notice of Public Hearing

#### I. Introduction

The Connecticut Department of Energy and Environmental Protection (DEEP) issued a <u>Notice of Request</u> for Written Comments and Notice of <u>Public Hearing</u> on August 10, 2022 and held an initial Public Hearing August 29, 2022 to share DEEP's policy goals guiding Connecticut's application for formula grant funding under Section 40101(d) of the Infrastructure Investment and Jobs Act (IIJA), referred to herein as the Bipartisan Infrastructure Law (BIL), for Preventing Outages and Enhancing the Resilience of the Electric Grid (Grant Program). Additional background on this Grant Program can be found in the above <u>Notice</u>.

Connecticut's allocation is \$6,548,136 for the first two program years (FY22 and FY23), with annual awards for the remaining three program years expected to be around the same at \$3.2 million annually. In order to receive the federally allocated funds, DEEP must submit an application to the federal Department of Energy (DOE) by March 31, 2023 that includes the criteria, methods, and intended outcomes benefiting the public that will be used by DEEP to subaward grants to Eligible Entities in Connecticut. Eligible Entities for subawards pursuant to BIL Sec. 40101(a)(2) include:

- An electric grid operator,
- An electricity storage operator,
- An electricity generator,
- A transmission owner or operator,
- A distribution provider,
- A fuel supplier, and
- Any other relevant entity, as determined by the Secretary (of DOE).

DEEP is seeking final public comment through written comments and a public meeting on the objectives and methods that DEEP will use to guide investments under this Grant Program, as detailed in this Notice. DEEP will hold a virtual public meeting on the contents of this Notice on February 16, 2023 at 2:00 p.m. Those interested in attending the public meeting may <u>register via Zoom</u>.

#### II. Objectives and Metrics

DEEP must include the objectives and metrics that will be applied for guiding resilience investment decisions for the Grant Program funding in the Grant Program application. DEEP aims to utilize the Grant Program funding for projects that support the reliability and resilience objectives outlined in the 2020 Integrated Resources Plan, particularly as it relates to upgrading the electric grid to support and integrate variable and distributed energy resources needed to meet the State's zero carbon electric sector goal, and PURA's recent decision in <a href="Docket No. 17-12-03RE08">Docket No. 17-12-03RE08</a> (Investigation into Distribution System Planning of the Electric Distribution Companies – Resilience and Reliability Standards and Programs).

The central objective of this Grant Program is to improve the resilience of the electric grid against disruptive events, which is defined in BIL section 40101(a)(1), as "an event in which operations of the electric grid are disrupted, preventively shut off, or cannot operate safely due to extreme weather, wildfire, or a natural disaster." Funding provided by DOE under this Program may be used to implement a wide range of resilience measures intended to mitigate the impact of disruptive events, including:

- weatherization technologies and equipment;
- fire-resistant technologies and fire prevention systems;
- monitoring and control technologies;
- the undergrounding of electrical equipment;
- utility pole management;
- the relocation of power lines or the reconductoring of power lines with low-sag, advanced conductors;
- vegetation and fuel-load management;
- the use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events, including microgrids and battery-storage subcomponents;

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<sup>&</sup>lt;sup>1</sup> 42 U.S.C. 18711(a)(1)

- adaptive protection technologies;
- advanced modeling technologies;
- and hardening of power lines, facilities, substations, of other systems; and I) the replacement of old overhead conductors and underground cables.

DEEP intends to use the following objectives and metrics to guide investments under the Grant Program:

- (a) Support the efficient and reliable integration of variable and distributed energy resources needed to meet the state's zero-carbon electric sector goal and avoid fossil peaking generation. Conn. Public Act 22-5, An Act Concerning Climate Change Mitigation, requires Connecticut to supply 100% of its electricity from zero carbon resources by 2040. Distributed generation (DG) resources, such as solar, energy storage, and fuel cells powered by zero emission fuel, will play a significant role in Connecticut's zero carbon electric sector future by providing grid resilience, portfolio diversification, and economic benefits. Connecticut's resilience investment decisions will support the deployment of a range of these resources to meet its zero carbon goal. DEEP will aim for resilience investments to be optimized and minimize total system costs for the benefit of all customers. Associated metrics to measure outcomes related to this objective may include: the number of projects specific to "the use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events"; whether these projects are deployed at facilities lacking emergency backup generation; and whether the site of deployment includes critical infrastructure and/or serves a disadvantaged community.
- (b) Improve system reliability and resilience in a range of weather and storm conditions and improve overall grid flexibility. The Connecticut Governor's Council on Climate Change has concluded that because of delays in reducing (or mitigating) dangerous greenhouse gases, the occurrence of extreme weather events will continue to increase.<sup>2</sup> An increasing risk of damage from extreme events means that Connecticut must continuously evaluate new and existing resilience measures that can protect the grid and the reliable delivery of electricity. Connecticut's resilience investments will focus on measures with the highest expected impact for reducing the frequency and duration of disruptive events. Associated metrics to measure outcomes related to this objective may include measurable resilience improvements resulting from conventional

<sup>&</sup>lt;sup>2</sup> https://portal.ct.gov/DEEP/Climate-Change/GC3/Governors-Council-on-Climate-Change

resilience approaches such as utility pole management, grid hardening, and undergrounding wires to help mitigate storm and weather damage, as well as the expected resilience enhancements from projects delivering renewable on-site backup generation from solar and battery storage and/or microgrids. Connecticut will prioritize projects that deploy new clean generation resources, implement software or backend systems enhancing system reliability, or capital projects including upgrades or replacements of grid infrastructure.

- (c) Maximize the Community Benefits of resilience investments and support and develop opportunities within the stakeholder community to provide input on investment decisions. For the purpose of this Grant Program, DEEP defines Community Benefits as providing quantifiable and/or tangible benefits relating to reducing the likelihood and duration of occurrences of disruptive events. DEEP will prioritize resilience investments that: (1) support meaningful community and labor engagement; (2) invest in Connecticut's workforce by creating local jobs; (3) advance diversity, equity, inclusion, and accessibility (DEIA) through project development; and (4) are consistent with principles of energy justice and the Justice 40 Initiative. Associated metrics to measure outcomes related to this objective may include: the project's expected potential to reduce the frequency and duration of disruptive events from extreme events and/or other causes, reduce restoration times from disruptive events, reduce risks to health and safety for the affected community, or provide other measurable resilience enhancements; projected electric bill savings for customers; direct benefits to environmental justice and other disadvantaged communities. The RFPs issued to solicit projects under this Grant Program will require proposals to include a detailed Community Benefits plan describing how the project will achieve the above objectives and how the project will foster economic development to members of the community that the project is serving.
- (d) Fund projects that use strong labor standards and protections and strategize to attract, train, and retain an appropriately skilled workforce. DEEP anticipates that the implementation of resilience projects under this Grant Program will create new opportunities for the state's workforce. Associated metrics to measure outcomes related to this objective may include: the number of good-paying jobs with the free and fair choice to join a union created; a demonstrated ability to attract, train, and retain skilled workers, including providing workforce opportunities to low- and moderate-income communities or environmental justice communities; and the reported

opportunities for local businesses, community members, and workers created through the project within the community where the project is sited.

# III. Grant Program Administration

DEEP intends to use a competitive project solicitation process to make subawards for the first two program years' allocation. DEEP will issue an initial project solicitation through a Request for Proposals (RFP) following the approval of the Grant Program application by DOE and aim to select projects for the first two years of Grant Program funding by the fall of 2023. In future program years, DEEP may issue additional RFP(s) or may subaward Grant Program funding directly to projects that have been identified through ongoing resilience planning efforts in Connecticut. As required by DOE, DEEP will ensure that the percentage of funds made available to eligible entities that sell not more than 4,000,000 megawatt hours of electricity per year (herein referred to as Small Utilities) is not less than the percentage of all customers in Connecticut served by those eligible entities. DEEP will contact Connecticut's Small Utilities directly to ensure they are notified of the Grant Program funding opportunity. In evaluating project proposals, priority will be given to projects that will generate the greatest Community Benefit in reducing the likelihood and consequences of disruptive events, further quantified in the below selection criteria.

DEEP notes that there are additional federal funding opportunities that could align with the direction of the Grant Program, including but not limited to BIL Section 40101(c) funding available to non-State entities like electric utilities and electric generators; BIL Section 41001, Energy Storage Demonstration Projects, which includes the Long-Duration Demonstration Initiative, Energy Storage Demonstration Projects, and Energy Storage Pilot Grant Program, and programs available through a number of other BIL sections in DOE's Building a Better Grid Initiative. Of note, BIL Section 40101(e)(2)(C) prohibits Eligible Entities from submitting an application for a grant provided under 40101(c), the funding available for non-State entities, and 40101(d), the funding available for State entities that is the subject of the instant proceeding, during the same application cycle.

DEEP also notes that grant funding is available from the DEEP Climate Resilience Fund to help Connecticut communities initiate planning and develop projects that will help communities become more resilient to the effects of climate change.<sup>3</sup> The Climate Resilience Fund specifically is intended to support climate resilience planning at regional, municipal, and neighborhood-level scales, and to support resilience project

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<sup>&</sup>lt;sup>3</sup> https://portal.ct.gov/ConnecticutClimateAction/Executive-Order/DEEP-Climate-Resilience-Fund

scoping and development. In future Grant Program years, projects that have been awarded funding under the Climate Resilience Fund may be selected for direct subawards or are encouraged to apply for any competitive project solicitation process under the Grant Program to help deliver the planned Climate Resilience projects.

DEEP intends to align its objectives and metrics for this Grant Program with its policy objectives in those funding opportunities in order to maximize benefits for Connecticut residents.

(a) Proposal Requirements for Subawards to Eligible Entities

DEEP is finalizing the criteria that will be used for making subawards through a competitive project solicitation process. After the Grant Program application has been approved by DOE, DEEP will release a subsequent Notice of Request for Proposals with the proposal requirements for projects to be considered for Grant Program subawards for the first two years' allocation. Through this Notice, DEEP is seeking feedback on the following proposed requirements for proposals:

- 1. An executive summary of the proposal,
- 2. A detailed description of how the proposal meets the Grant Program objectives outlined above,
- 3. A detailed breakdown of the project costs, including but not limited to:
  - A clear indication of the total project cost, the total funding request of DEEP, and total matching funds brought by the proposal proponent,
  - b. A breakdown of the total project cost into the following categories: design/engineering; land acquisition; equipment; interconnection; permitting; construction; financing; legal and insurance; ongoing operations and maintenance; measurement and verification; and any other costs. For each of the cost categories listed above, include the total cost for each category, and of that total cost, how much is being requested of DEEP and how much is being provided as a matching fund by the proposal proponent.
- 4. For all matching funds identified in response to Requirement 3, provide the following information in support of the proposed cost match: cost match value, the source/organization of the proposed cost match, the type of cost match (cash or in-kind), and a description of the proposed cost match.
- 5. A cost/benefit analysis describing the intended outcomes from each of the project cost categories where the benefit is readily quantifiable (e.g., the number of local jobs created, added storage capacity, other direct grid benefits),

- 6. A description of how the proposal provides Community Benefit(s), including a detailed narrative and quantifiable and/or tangible information with the frequency and duration of current disruptive events, anticipated reduction in the frequency and duration of such events, number of customers currently affected by such disruptive events, anticipated number of customers benefiting from such reduction in the frequency and duration of such events, and anticipated number of customers in the same census tract as those customers benefiting,
- 7. A timeline for project completion, including a detailed schedule and when funding from DEEP must be made available to achieve the stated timeline,
- 8. A description of the ownership structure of the proposal, including identification of each entity involved in the proposal and the role each entity plays in the project,
- 9. Financial and managerial experience of the project team,
- 10. Operations and maintenance plans for the proposal, including the entity responsible for proposal maintenance,
- 11. A description of the anticipated impact the proposal has on utility operations,
- 12. A detailed plan for the proposal's performance measurement, including metrics for how the installed proposal can demonstrate it is achieving each of the stated Policy Goals and a detailed plan for measurement and verification of achieving such goals over the life of the proposal,
- 13. A detailed description of how the project will use strong labor standards and protections (including for direct employees, contractors, and sub-contractors), such as through project labor agreements and local hire agreements,
- 14. An outline of a plan to attract, train, and retain an appropriately skilled workforce (i.e., through registered apprenticeships and other joint labor-management training programs that serve all workers, particularly those underrepresented or historically excluded); plans to partner with a training provider (labor, community college, etc.); and the use of an appropriately credentialed workforce (i.e., requirements for appropriate and relevant professional training, certification, and licensure),
- 15. Details of appropriate data, indices, and screening tools, including from the <u>DOE's Energy Justice</u>

  <u>Dashboard</u>, that will be used to determine whether a specific community is disadvantaged based on a combination of variables that may include, but are not limited to:
  - a. Low income, high and/or persistent poverty,
  - b. High unemployment and underemployment,

- c. Racial and ethnic residential segregation, particularly where the segregation stems from discrimination by government entities,
- d. Linguistic isolation,
- e. High housing cost burden and substandard housing,
- f. Distressed neighborhoods,
- g. High transportation cost burden and/or low transportation access,
- h. Disproportionate environmental stressor burden and high cumulative impacts,
- i. Limited water and sanitation access and affordability,
- j. Disproportionate impacts from climate change,
- k. High energy cost burden and low energy access,
- I. Jobs lost through the energy transition, and
- m. Access to healthcare.

## (b) Evaluation Criteria

DEEP proposes to evaluate responses to any RFP issued to solicit projects for subawards under this Grant Program based on the following evaluation criteria:

- The thoroughness of the response to all the proposal requirements outlined in any Request for Proposals (RFP) that will be issued by DEEP for project solicitation and the demonstrated ability of a proposal to achieve the stated program objectives and the extent to which the proposal demonstrates how the project deliverables can be measured by the associated metrics.
- 2. The extent to which the proposal provides Community Benefit(s) and whether the proposal provides direct benefits to an Environmental Justice (EJ) community, as defined in Conn. Public Act No. 20-6. In the assessment of Community Benefit(s), DEEP will determine if a proposed project prioritizes either low-income customers or residents of an EJ community. Subaward project proposals must include a Community Benefits Plan that addresses how the project: (1) supports meaningful community and labor engagement; (2) invests in the American workforce; (3) advances diversity, equity, inclusion, and accessibility; and (4) contributes to the goal that 40% of the overall benefits flow to disadvantaged communities in alignment with the Justice40 Initiative.

- 3. A cost/benefit analysis, evaluating the total project cost, the total grant funding request of DEEP, and the total matching funds brought by the proposal proponent in comparison to the quantifiable and/or tangible benefits of the project including, but not limited to, the anticipated reduction in the frequency and duration of disruptive events, the anticipated number of customers benefiting from the reduction in the frequency and duration of such events, and the anticipated number of customers in the same census tract as those customers benefiting.
- 4. The extent of project readiness, with preference given to projects that can begin construction sooner compared to others or projects that have already demonstrated outreach to the impacted community. Project readiness evaluation may include projects that have been fully scoped and planned prior to the submission of a response to the RFP or projects that have begun development but are lacking adequate funding sources to complete the project for reasons deemed acceptable by DEEP.

Should DEEP, in future Grant Program years, determine that subawards will be made directly to projects identified outside of a competitive project solicitation process, DEEP will ensure that any direct award or non-competitive project(s) are expected to deliver the same objectives and metrics identified above for the competitive RFP process.

## (c) Ongoing Commitments

In addition to carrying out the proposed project, any selected subgrant recipient through this process will be expected to submit quarterly progress updates to DEEP. The information and data provided in the quarterly progress updates must show measurable progress towards completion of the project and that the established objectives are being realized. Quarterly progress updates must include at least the following information, which may be amended as needed based on DOE guidance:

- 1. A brief description of the work completed,
- 2. Status of project financing, as applicable,
- 3. Status of interconnection process, as applicable,
- 4. The cost spent in furtherance of the project development in the previous quarter,
- 5. The types of activities, technologies, equipment, and hardening measures funded by the grant and the location of funded activities,

- 6. A description of the progress made in furtherance of each of the performance metrics identified in the proposal,
- A description of the tracking and evaluation of community engagement, stakeholder engagement, and Community Benefits,
- 8. For projects receiving \$5 million or more in funding (based on expected total cost), a detailed project workforce continuity plan, or, in lieu of such plan, a certification that the project either will use a unionized workforce or includes a project labor agreement,
- 9. A description of any challenges encountered in the previous quarter and projected impact on the project, and
- 10. Any anticipated changes to project completion date.

### IV. Public Comment and Public Meeting

By way of this Notice, DEEP is accepting public comment and will hold a public meeting on the topics addressed in this notice. DEEP will hold a virtual public meeting on the contents of this Notice on February 16, 2023 at 2:00 p.m. Those interested in attending the public meeting may register via Zoom. DEEP will also accept the submission of written comments on these topics. Written comments may be filed electronically on DEEP's Web Filing System submitted DEEP or directly to at DEEP.EnergyBureau@ct.gov and should include "BIL 40101(d) Grid Resilience Funding Comments" in the subject line and be submitted by February 24, 2023. All materials submitted by stakeholders and other participants in this proceeding will be posted on the DEEP's Web Filing System. After reviewing the comments received, DEEP will prepare and publish the final process and schedule for soliciting project proposals and awarding subgrants.

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